

IN THE SENATE OF THE UNITED STATES.

MARCH 16, 1880.—Ordered to be printed.

Mr. BECK, from the Committee on Finance, submitted the following

REPORT:

[To accompany bill H. R. 393.]

*The Committee on Finance, having considered the bill (H. R. No. 393) for the relief of W. B. Farrar, submit the following report :*

That the report of the Committee of Ways and Means of the House of Representatives sets forth the facts with substantial accuracy, which report is as follows:

[H. Report No. 8, 46th Congress, 2d Session.]

*The Committee of Ways and Means, to whom was referred the bill (H. R. 393) authorizing the Commissioner of Internal Revenue to refund to W. B. Farrar, of Whitfield County, Georgia, taxes improperly collected from him by the government in the year 1877, have considered the same, and submit the following favorable report :*

Farrar was the proprietor and operator of a small distillery, without experience in or a practical knowledge of the business, and the taxes asked to be refunded were imposed for an alleged deficiency in the production of his distillery.

The collector appointed as storekeeper a dissipated and worthless man with whom Farrar was unacquainted, who promised to run the distillery in such a manner as to secure him against a deficiency, but who, in fact, neglected his duties, and often left the premises in the care of a dishonest and incapable man, who sold and otherwise misappropriated, without the knowledge of Farrar at the time, a large quantity of the product of the distillery.

Under the claim of the government, the distillery and all its fixtures were distrained and sold for the non-payment of a deficiency tax which had been assessed, and the property was purchased and is now held by the government for the small sum of \$133.07, and Farrar is left entirely destitute of property and employment.

The committee find that Farrar paid all legal taxes on all the spirits that were turned over to him by the storekeeper, and that the proceedings of the government in imposing the tax and distraining and selling his property were oppressive and unjust, and that he is entitled to the relief provided for in said bill, and recommend its passage.

All the papers in the case were submitted by this committee to the Commissioner of Internal Revenue for examination and report; they were carefully examined by him and returned to the committee with an elaborate report, the conclusion of which is as follows:

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While I have no doubt, upon a re-examination of this case, that the assessment and collection of the greater portion of this tax could not have been omitted by this office, yet there is no evidence of fraud on the part of Mr. Farrar; and as he had but little experience as a distiller, and as it is to the interest of the government to encourage the establishment and operation of legal distilleries in said district, as a means of aiding in the suppression of illicit distilleries, I would recommend the passage of this bill for the relief of Mr. Farrar.

Respectfully,

GREEN B. RAUM,  
Commissioner of Internal Revenue.

\* While the Commissioner in his report shows that Mr. Farrar had no legal right to trust the management of his distillery to a United States storekeeper, sent by the collector to take charge of it, and while it is apparent that irregularities occurred under the management of the storekeeper, it seems to us equally certain that Mr. Farrar paid the tax on every gallon of spirits turned over to him by the storekeeper, and that he was guilty of no fraud or connivance at fraud. We agree with the Commissioner that the deficiencies he was required to pay ought to be refunded to him. We therefore recommend the passage of the bill.

